

ASSESSING PERFORMANCE

Managing an Underperformer in a Family Business

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In family businesses, leaders sometimes make hiring and staffing decisions based on relationship and obligation as much as on competence and experience. After all, one purpose of these firms is to provide employment for family members. But that doesn't mean

all family members perform effectively. A few may feel so entitled or untouchable that they slack off or stop collaborating, and sometimes they get a pass for their mistakes or behaviors. At times, they may even be disruptive to the smooth running of the business.

As a manager, whether you're part of the family or not, what do you do about these under-performers?

The good news is that even though you don't always have the leeway to manage a family member in the same way as an unrelated employee, you don't have to stifle your concerns. There are several productive approaches you can take to make the best out of an uncomfortable situation while reducing the disruption and risk caused by someone who is no longer effective – or may never have been to begin with.

Start with an open discussion about accountability. It's fine to show deference for family membership, but it's still essential to be candid about business needs. In an initial conversation with the family member, probe and listen deeply to understand how they see themselves, and what they believe they can contribute. Respond with a kind, unambiguous description of the expectations you and the rest of the leadership have for them, and restate those expectations in a follow-up email thanking them for the conversation. After you've gone on record, it's a little easier to refer to those expectations in subsequent conversations about performance.

If something about their history or connections, or your relationship with them, makes it risky or uncomfortable to deliver direct feedback to them, consider having a neutral third party convey the feedback to ensure that the message is on point and that they have understood. I have often played this short-term role if a family-member manager was concerned about hurting their relative's feelings, or when an unrelated manager feared losing status with the family by being the bearer of bad news.

Shift their role or responsibilities. Can they work as an independent contributor or as a subject matter expert? You have to be realistic about status and image. They may get to keep their VP title, for instance. But you can shift them to be VP of an area that has no employees, or that doesn't interact directly with customers if that's not their strength. For instance, at one of my clients, after assessing the technical competence of a senior agency executive, it turned out he was more successful with external audiences and customers than collaborating with teams internally, and he was reassigned as a sales leader. At another client company, based on personal interest and style, a family member was shifted to a compliance role where she didn't really have to coordinate with others and could be referred to as a technical expert.

Reassign the family member to a non-family leader. Internal rivalries are common between family members and can arise from painful feelings about ownership and hierarchy just as easily as from performance and accountability issues. You may be able to reassign a family member who had been reporting to another family member to a strong executive who doesn't have to be concerned about keeping the peace at Thanksgiving dinner. It's crucial for the non-family leader to be confident that they have the backing of the senior leadership, including family. At one client company, I was brought in to coach both the new non-family leader and the family member who was being reassigned. I facilitated their early discussions together, to emphasize the benefits of the change for the business and to ensure that they would get off on the right foot.

Construct off-ramps when necessary. At some point you may need to consider alternatives that preserve dignity while clearing the way for more productive staffers. A family member may recognize that they're no longer in the running for a top job but aren't ready to retire, or feel stuck because they know they can't get a comparable job in the open market. Consider designing a sabbatical process for long-standing employees, or experiment with part-time, flex-time or remote assignments. One of my clients created an "on call" mentor role for a

family member who serves as the “keeper of the flame” and historian to tell the stories and describe the company’s background and mission in a way that is inspiring without a day-to-day role.

Opportunities to lead community or industry groups can help sidelined family members preserve status and connection in a figurehead role that also serves the business. They might head the family council, host community events, or as at one of my clients, chair the family foundation, which meant less pressure and exposure than in the business but still afforded the pleasures of both decision-making and public leadership. If any of these off-ramps do eventually lead to retirement, be sure to celebrate in a way that the family member feels loved and recognized for their loyalty, years of service, and standing in the family. Prepare plaques, mementos, and appropriate speeches so the transition out is smooth, satisfying, and minimizes disruption.

Family members who have been turned aside can burn with resentment, and may still maintain some ownership. So if you must exit a family member suddenly or harshly, make sure a human resources expert or legal counsel checks all the details of your plans and language. But by using a combination of these four approaches, you may be able to avoid a forced exit and instead help the family member be a productive participant in the company.



Liz Kislik helps organizations from the Fortune 500 to national nonprofits and family-run businesses solve their thorniest problems. She has taught at NYU and Hofstra University, and recently spoke at TEDxBaylorSchool. You can receive her free guide, *How to Resolve Interpersonal Conflicts in the Workplace*, on her website.

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